

Message Text

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ACTION EUR-25

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NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15

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P 031855Z DEC 73

FM USMISSION NATO

TO SECSTATE WASHDC PRIORITY 3023

SECDEF WASHDC PRIORITY

AMEMBASSY BONN PRIORITY

INFO ALL NATO CAPITALS PRIORITY 3506

C O N F I D E N T I A L SECTION 1 OF 3 USNATO 5865

E.O. 11652: GDS: 12-31-79

TAGS: MCAP, NATO

SUBJECT: BURDENSARING: NAC DISCUSSION 3 DEC 73

REF: A. C-M(73)93

B. USNATO 5794

C. C-M(73)121

D. C-M(73)122

E. C-M(73)124

F. C-M(73)125

BEGIN SUMMARY. COUNCIL HAD FURTHER SUBSTANTIVE EXAMINATION OF BURDENSARING ISSUES ON DEC 3. DISTRIBUTION OF RUMSFELD'S STATEMENT (REF B) ON 29 NOV ELICITED SUGGESTIONS OF OTHER NATIONS AND CLARIFYING QUESTIONS WHICH INDICATE POSSIBILITY OF PROGRESS IN NEAR FUTURE. INFRASTRUCTURE AND BUDGETARY COMMITTEES, AS WELL AS CENTRAL EUROPE PIPELINE POLICY COMMITTEE REPORTS ON FINANCIAL IMPACT OF REDUCTIONS IN US SHARES WERE PRESENTED AS PART OF THE BUDGET SHARING PORTION OF AN EVENTUAL BURDENSARING SOLUTION. END SUMMARY.

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1. SYG (LUNS) INTRODUCED SUBJECT BY SAYING THAT AMBASSADOR RUMSFELD'S STATEMENT (REF B) INDICATES THAT UNDER CERTAIN ASSUMPTIONS THE ALLIANCE DOES NOT HAVE A GREAT DEAL FURTHER TO GO IN MEETING THE US BURDENSARING REQUIREMENTS. THE FRG OFFSET IS OF

COURSE CRITICAL AND HE REITERATED HOPE THAT THE US AND FRG WOULD KEEP THE COUNCIL INFORMED ON THE PROGRESS MADE SO THAT NATO'S EFFORTS COULD BE KEPT IN PERSPECTIVE. HE ALSO CALLED ATTENTION TO REPORTS FROM THE BUDGET COMMITTEES, THE INFRASTRUCTURE COMMITTEE, AND THE CENTRAL EUROPE PIPELINE POLICY COMMITTEE (REF C, E, AND F). HE SUGGESTED THAT SERIOUS CONSIDERATION SHOULD ALSO BE GIVEN TO A PUBLIC ANNOUNCEMENT TO BE MADE AFTER THE MINISTERIAL MEETINGS.

2. DE STAERCKE (BELGIUM) THANKED AMBASSADOR RUMSFELD FOR DISTRIBUTING HIS "ILLUSTRATIVE EXAMPLE" WHICH, HE EMPHASIZED, INDICATED US SUGGESTIONS RATHER THAN CONSTRAINTS. HE WANTED TO RECOMMEND TO GOVERNMENT OF BELGIUM CONSTRUCTIVE MEASURES TO RESOLVE THE US PROBLEM. HIS REMARKS WERE DIFFERENTIATED AS BETWEEN THE \$750 MILLION IN PURCHASES AND THE \$150 MILLION IN BUDGETARY SUPPORT. FOR THE FORMER HE NOTED THAT THE US SUGGESTS A MULTILATERAL APPROACH WHICH WOULD NOT BE ATTRACTIVE TO BELGIUM. SUCH AN APPROACH WOULD APPEAR TO REWARD COUNTRIES WHICH HAD DONE POORLY IN THE PAST AND TO PENALIZE THOSE WHICH HAD DONE WELL. HE NOTED THAT THE LARGE COUNTRIES LIKE FRG AND UK WERE HELD TO BALANCE THEIR FAVORABLE BALANCE OF PAYMENTS (BOP) AND IN SOME CASES NOT EVEN THAT; WHEREAS SMALL COUNTRIES LIKE THE BENELUX WOULD BE ASKED TO MORE THAN OFFSET THEIR FAVORABLE BALANCE. HE SUGGESTED THEREFORE THAT EACH COUNTRY SHOULD BE INVITED TO OFFSET ITS OWN FAVORABLE BALANCE WITH THE US JUST AS HAS THE FRG. HE INDICATED THAT BELGIUM WOULD DO IT IF OTHERS WOULD ACCEPT THE SAME COMMITMENT.

3. AS FOR THE \$150 MILLION IN BUDGETARY SUPPORT, DE STAERCKE BELIEVED THE US REQUEST WAS VALID AFTER 25 YEARS OF BEARING THE PRINCIPAL BURDEN. IF OTHER NATIONS WOULD AGREE, BELGIUM WOULD BE FAVORABLE TO TAKING ON ITS PRO RATA SHARE OF THE US REDUCTION IN NATO BUDGETS. HE SUGGESTED THAT PERM REPS SOLICIT FAVORABLE INSTRUCTIONS ON THIS POINT SO THAT THE SYG COULD INDICATE FOR PUBLICATION, PRIOR TO OR DURING THE MINISTERIAL MEETINGS, THAT THERE WAS GENERAL AGREEMENT TO A COLLECTIVE SOLUTION.

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4. SPIERENBURG (NETHERLANDS) AGREED IN PRINCIPLE WITH DE STAERCK'S PRESENTATION. HE ADDED THAT THE NETHERLANDS WOULD LIKE TO SEE A EUROPEAN SOLUTION SUCH AS, IN THE INFRASTRUCTURE FIELD, A PROGRAM OF IAU \$300 MILLION PLUS A NEW EDIP OF IAU \$150 MILLION. HE STATED THAT NETHERLANDS WOULD NOT BE ADAMANT BUT THAT THEY WOULD WISH IT CLEARLY DEFINED WHICH COUNTRIES WOULD NOT GO ALONG WITH THE EUROPEAN SOLUTION. HE WAS LESS OPTIMISTIC THAN DE STAERCKE ON THE POSSIBILITY OF FINDING A COLLECTIVE SOLUTION IF ONLY BENELUX COULD AGREE SINCE THEIR SHARE WAS SUCH A SMALL PROPORTION OF THE TOTAL. HE ALSO WONDERED WHETHER THERE WERE OTHER SOLUTIONS FOR THE BOP PROBLEMS. THE SYG AGREED THAT A EUROPEAN SOLUTION SUCH AS EDIP WOULD BE THE PREFERABLE ONE. HE INDICATED, HOWEVER, THAT POLITICAL CONSTRAINTS MIGHT PRECLUDE EDIP AND SUGGESTED

THAT EVEN THE UNITED STATES CONGRESS MIGHT BE MORE IMPRESSED WITH THE REDUCTION OF US COST SHARES IN THE NORMAL NATO BUDGETS. HE NOTED THAT THE US BOP IS TENDING TOWARD IMPROVEMENT WHICH MIGHT IN THE LONG TERM HAVE A SOOTHING EFFECT.

5. SVART (DENMARK) CONFIRMED THAT DENMARK HABITUALLY PLACED A LARGE SHARE OF ITS MILITARY PROCUREMENT CONTRACTS IN THE US AND THAT CONCURRENTLY SOME \$75 MILLION OF THESE CONTRACTS WAS OUTSTANDING. IN ADDITION, THE PARLIAMENT HAD APPROVED LAST WEEK SOME \$80 MILLION OF MILITARY PROCUREMENT, OF WHICH A PORTION WILL GO TO THE US. DENMARK COULD ALSO AGREE TO A REVISION IN COST SHARING FORMULAE TO ALLOW A REDUCTION IN THE US SHARE.

6. CATALANO (ITALY), SPEAKING PERSONALLY, COULD AGREE TO THE EUROPEAN APPROACH BUT ALSO BELIEVED THAT ITALY COULD MAKE ADDITIONAL BILATERAL EFFORTS. HE ASKED IF IT WERE POSSIBLE TO TAKE THE ENTIRE \$900 MILLION IN PROCUREMENT. HE ALSO SUGGESTED THAT DEFENCE MINISTERS MIGHT NOT WISH TO ISSUE A COMMUNIQUE ON BURDENSARING BEFORE THE FOREIGN MINISTERS HAD CONSIDERED THE SUBJECT.

7. PECK (UK), TALKING FROM PRELIMINARY INSTRUCTIONS, NOTED HIS SATISFACTION AT THE US "ILLUSTRATIVE EXAMPLE" WHICH PLACED PERSPECTIVE ON THE BUDGETARY SUPPORT WHICH WAS THE MOST DIFFICULT FOR NATIONS TO RESOLVE. HE INDICATED THAT THE UK HAS BOUGHT FROM THE US ACCORDING TO ITS NEEDS WHEN INDUSTRY COULD NOT SUPPLY THEM. THE LEVEL OF \$265 MILLION SHOWN IN THE US EXAMPLES HAD BEEN ATTAINED BEFORE AND, WHILE COULD NOT COMMIT THE UK, CONFIDENTIAL

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HE BELIEVED THAT SUCH A LEVEL COULD BE GENERALLY MAINTAINED. HE NOTED THAT THE UK PORTION WAS ABOUT 1/3 OF THE TOTAL.

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FM USMISSION NATO

TO SECSTATE WASHDC PRIORITY 3024

SECDEF WASHDC PRIORITY
AMEMBASSY BONN PRIORITY
INFO ALL NATO CAPITALS PRIORITY 3507

C O N F I D E N T I A L SECTION 2 OF 3 USNATO 5865

PECK CONFIRMED THAT THE UK DOES NOT INTEND TO PARTICIPATE IN THE BUDGETARY SUPPORT PORTION OF BURDENSARING. HE NOTED THAT THE UK HAS A BOP DEFICIT WITH THE REST OF NATO EUROPE IN AN AMOUNT OF SOME THREE TIMES THE US DEFICIT WITH THE UK. HE ALSO BELIEVED THAT THE PUBLIC BURDEN-SHARING STATEMENT AT THE MINISTERIALS SHOULD INCLUDE THE VIEWS OF FRANCE AND THEREFORE SHOULD AWAIT A DECISION BY THE COUNCIL MINISTERS. THE SYG AGREED IN PRINCIPLE BUT NOTED THAT WITH A WEEKEND INTERVENING BETWEEN THE TWO MEETINGS, IT WAS HIGHLY UNLIKELY THAT THE DPC DISCUSSIONS COULD BE SUPPRESSED FOR THAT PERIOD, THUS PERHAPS THE ITEM SHOULD BE ADDRESSED IN THE DPC COMMUNIQUE AS WELL.

8. ERALP (TURKEY) STATED THAT TURKISH MILITARY PROCUREMENT IN THE US FOR CY 72 AMOUNTED TO SOME \$206 MILLION OR ALMOST TEN TIMES THE AMOUNT REQUIRED BY THE US EXAMPLE. HE ALSO INDICATED THAT TURKEY WOULD BE INTERESTED IN EXPLORING OPTION VII OF REF A, WHICH AIMS AT DISTRIBUTING THE US MILITARY AID BURDEN. HE COULD ALSO AGREE ON A EUROPEAN APPROACH WHICH WOULD INCLUDE A NEW EDIP AMONG OTHER SOLUTIONS.

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9. KRAPF (GERMANY) NOTED THAT THE US PAPER WAS BASED ON ASSUMPTIONS WHICH INCLUDED A 100 PERCENT OFFSET WITH THE FRG. HE WARNED THAT THE OFFSET MIGHT ONLY BE SOME 50 PERCENT AND THUS HIS COLLEAGUES SHOULD NOT RELY TOO MUCH ON THE FIGURE OF \$900 MILLION TO BE RESOLVED BY OTHER COUNTRIES. HE PARTICULARLY DISLIKED DE STAERCKE'S APPROACH BECAUSE IN THE MANNER THE FRG WOULD BE BURDENED WITH SOME 70 PERCENT OF THE TOTAL EUROPEAN OFFSET (100 PERCENT OF THE FRG FAVORABLE BOP WITH THE US), PURELY BY GEOGRAPHICAL ACCIDENT REQUIRING STATIONING OF THE MAJORITY OF US TROOPS IN FRG. SYG AGREED WITH DRAPF THAT THE FRG HAD BEEN GENEROUS IN ITS RESOLUTION OF PREVIOUS BOP PROBLEMS WITH THE US. HE NOTED HOWEVER, THAT IN NATO THE FRG IS THE ONLY COUNTRY WITH A DEFENSE BUDGET CONSTRAINED ONLY BY POLITICAL CONSIDERATIONS AND NOT BY ECONOMIC ONES. HE SUGGESTED, THEREFORE, THAT THE FRG MIGHT WISH TO BECOME EVEN MORE GENEROUS.

10. RUMSFELD (US) THANKED DE STAERCKE, SPIERENBURG, AND OTHERS FOR THEIR POSITIVE APPROACH TO RESOLUTION OF THE US PROBLEM. HE INDICATED HIS PRIOR APPREHENSION ON TABLING THE "ILLUS-TRATIVE EXAMPLE" BECAUSE SOME MIGHT HAVE MISUNDERSTOOD. THEY DID, HOWEVER, CONSTITUTE A BEGINNING AND U.S. ENCOURAGING ATTITUDE TOWARD SUBSTITUTE APPROACHES WOULD INDICATE THAT WE HAD NO PRECONCEIVED IDEAS AND THAT WE WOULD FAVORABLY CONSIDER

ANY SOLUTION THAT WOULD MEET JACKSON-NUNN AND U.S. REQUIREMENTS. IN ANSWER TO CATALANO'S QUESTION, HE INDICATED THAT SOME INDIVIDUAL COUNTRIES WERE DOING, OR PLANNING TO DO, MORE THAN REQUIRED IN THE PROCUREMENT AREA AND THAT FOR OTHER COUNTRIES IT MIGHT BE EASIER TO OVERSUBSCRIBE THEIR PROCUREMENT QUOTA THAN TO FULLY PARTICIPATE IN THE BUDGET SUPPORT. COUNTRY SITUATIONS WOULD VARY FROM YEAR TO YEAR AND THE ONLY IMPORTANT CONSTRAINT WAS THAT THE TOTALS OFFSET THE US DEFICIT. AS FOR SUBSTITUTING PROCUREMENT FOR BUDGETARY SUPPORT, RUMSFELD STATED:

"THE TOTAL OF \$900 MILLION IS BASED ON \$2.5 BILLION OF US EXPENDITURES, OF WHICH \$440 MILLION IS EXTRA COST FOR STATIONING OUR FORCES IN EUROPE, AND AN ASSUMED 100 PERCENT OFFSET OF THE FRG FAVORABLE BALANCE IN THE AMOUNT OF \$1.6 BILLION, OF WHICH \$310 MILLION IS IN BUDGETARY SUPPORT. WE ARE LEFT, THEREFORE, WITH A DEFICIT OF \$130 MILLION IN BUDGETARY SUPPORT. THUS, A MAXIMUM OF \$770 MILLION COULD BE CREDITED IN PROCUREMENT UNDER THESE ASSUMPTIONS. SHOULD THE FRG BILATERALS FALL SHORT OF EX-CONFIDENTIAL

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PECTATIONS OR SHOULD THE BUDGETARY SUPPORT PORTION VARY, MY ANSWER WOULD VARY IN PROPORTION." FINALLY, RUMSFELD NOTED THAT THE US HAD PROPOSED CERTAIN COMMUNIQUE LANGUAGE TO THE COMMUNIQUE DRAFTING GROUP. HE BELIEVED THAT THE AMBASSADORS SHOULD FOCUS ON THIS LANGUAGE NOW SO THAT AN ACCEPTABLE COMMUNIQUE COULD BE DRAFTED IN TIME FOR THE MINISTERIALS, AND THEREFORE PROPOSED THE FOLLOWING LANGUAGE:

"(MINISTERS) NOTED THAT STATUS OF DISCUSSION IN THE INFRASTRUCTURE COMMITTEE AND THE PERMANENT DPC REGARDING THE SIZE AND COST SHARING OF THE NEW (1975-79) INFRASTRUCTURE PROGRAM, AND AGREED THIS MATTER MUST BE RESOLVED BY FEBRUARY 1974 IN A MANNER THAT WILL INSURE A UNITED STATES SHARE PERCENTAGE-WISE NO GREATER THAN NOW EXISTS WHEN THE EUROPEAN DEFENSE IMPROVEMENT PROGRAM (EDIP) ADJUNCT TO THE NORMAL INFRASTRUCTURE PROGRAM IS TAKEN INTO ACCOUNT; FURTHER NOTED THE STATUS OF THE DISCUSSION IN THE INFRASTRUCTURE COMMITTEE AND THE PERMANENT DPC PERTAINING TO THE INTRODUCTION OF NEW CATEGORIES OF ELIGIBILITY WITH RESPECT TO FACILITIES FOR FORCES STATIONED OUTSIDE THEIR OWN TERRITORY, AND AGREED THAT SUCH CATEGORIES OF ELIGIBILITY SHOULD BE APPROVED BY THE COUNCIL BY THE SAME DATE.

WELCOMED THE US REAFFIRMATION OF ITS INTENTION TO MAINTAIN CURRENT US FORCE LEVELS IN EUROPE PENDING THE CONCLUSION OF MBFR AGREEMENTS, BUT TOOK NOTE OF THE FACT THAT RECENT US LEGISLATION MAY REQUIRE THE REDUCTION OF US FORCE LEVELS IN EUROPE UNLESS SATISFACTORY AGREEMENTS ARE RE-CONFIDENTIAL

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FM USMISSION NATO

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AMEMBASSY BONN PRIORITY

INFO ALL NATO CAPITALS PRIORITY 3508

C O N F I D E N T I A L SECTION 3 OF 3 USNATO 5865

12. BUSCH (NORWAY) STATED THAT AN APPRECIABLE PERCENTAGE OF NORWEGIAN MILITARY PROCUREMENT WAS PLACED IN THE US AND THAT NORWAY WOULD CONTINUE, AND AUGMENT AS WAS POSSIBLE UNDER THE DEFENSE BUDGET.

13. FISCHBACH (LUXEMBOURG) HAD NO INSTRUCTIONS BUT BELIEVED THAT LUXEMBOURG POSITION WAS MUCH LIKE THAT OF NORWAY, BELGIUM AND THE NETHERLANDS.

14. MARSHALL (CANADA) INDICATED THAT THE COMMUNIQUE FOR THE MINISTERS WOULD BE DIFFICULT IN VIEW OF US PREFERENCE FOR COMMITMENT WHICH APPEARED TO BE PREMATURE IN VIEW OF OTHER NATIONAL POSITIONS. HE ASKED THAT THE INTERNATIONAL STAFF RECOMMEND APPROPRIATE LANGUAGE. SYG NOTED THAT THE DRAFT COMMUNIQUE WOULD AGAIN BE DISCUSSED BY THE DRAFTING GROUP ON 4 DEC AND THAT ALL PROPOSALS WOULD BE CONSIDERED.

15. SYG SUMMED UP BY NOTING THAT DE STAERCKE PROPOSAL FOR A GENERAL AGREEMENT TO A COLLECTIVE SOLUTION APPEARED TO PRESENT THE BEST CHANCE FOR POSITIVE LANGUAGE IN THE MINISTERIAL COMMUNIQUE. HE URGED THE PERM REPS TO SOLICIT FAVORABLE INSTRUCTIONS FROM
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THEIR GOVERNMENTS IN TIME TO ALLOW SUCH LANGUAGE TO BE INCLUDED AND TO THUS GIVE THE US AN INDICATION THAT PROGRESS WAS BEING MADE.
RUMSFELD

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